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Houston Mortgage Company Lets Workers Go

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Houston Mortgage Company Lays Off Workers

HOUSTON (AP) -- A Houston-based mortgage company that stopped taking new applications and said it could not meet its current obligations laid off a "substantial" number of its 1,300 workers on Tuesday.

Aegis Mortgage Corp., whose owners include private-equity firm Cerberus Capital Management, said Monday that, despite the business slowdown, its branches were open and its workers were on the job.

The layoffs, the company said Tuesday, came as a result of the problems in the secondary mortgage market.

"We believe that making these changes in our business operations and the resulting staff reductions are necessary to address our financial challenges. We sincerely regret the impact that this necessary decision will have on our employees," Chief Executive Dan Gilbert said in a statement.

On Monday, Aegis Mortgage had announced that besides no longer being able to accept any more loan applications, it also could not fund loans currently in the pipeline.

Aegis Mortgage has 1,300 workers nationwide in about 30 U.S. branches.

Company spokeswoman Pat Wentz said she could not comment on how many workers lost their jobs Tuesday. Houston television station KTRK reported the number was about 1,000.

The company said it is maintaining its servicing businesses.

The layoffs by Aegis come as the nation's 10th largest mortgage lender, American Home Mortgage Investment Corp., filed for bankruptcy protection on Monday.

Falling home prices and a spike in payment defaults have created turmoil in the mortgage industry. Across the country, lenders are closing their doors, and also failing to meet commitments they already made to fund loans.